

STATE OF WASHINGTON



OFFICE OF
INSURANCE COMMISSIONER

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BULLETIN No. 94 - 1

MANDATORY OFFERING OF PIP COVERAGE TO ALL AUTOMOBILE INSUREDS

Attention: Automobile Insurers

This bulletin notifies all private passenger and commercial automobile insurers of statutory changes effective July 1, 1994 that require them to offer Personal Injury Protection (PIP) coverage to all policyholders at renewal and to all new applicants. The applicable statutes are RCW 48.22.085, Automobile liability insurance policy--Optional coverage for personal injury protection--Rejection by insured; RCW 48.22.090, Personal injury protection coverage--Exceptions, RCW 48.22.095; Automobile insurance policies--Minimum personal injury protection coverage--Maximum benefit limits; and RCW 48.22.100, Automobile insurance policies--In lieu of minimum personal injury protection coverage--Benefit limits.

Existing insureds should receive a selection form(s) and a policyholder notice on or before the renewal date of their policy. Insurers should begin sending the form(s) and the policyholder notice to insureds with policy renewal dates of July 1, 1994 or later.

RCW 48.22.085 requires that PIP benefits be offered as an optional coverage. Further, "A named insured may reject, **in writing**, personal injury protection coverage. . ." RCW 48.22.095 uses the phrase insurers "must offer" and RCW 48.22.100 states that insurers "shall offer" in their introductory clauses. The intent appears clear that PIP coverage is to be offered as an option for insureds, and, in addition to purchasing the coverage, insureds may reject the coverage. However, it is recognized that the prudent course of action for insurers will be to add PIP benefits to automobile liability policies unless the insured submits a written rejection of coverage.

An insured without PIP coverage must receive a company document that clearly states that he or she has the option to select or reject PIP coverage. If an insured rejects coverage, once the form is on file with the company, the company must act promptly to delete PIP coverage. A signed notice received within forty-five (45) days of the renewal date should be considered as a timely response. PIP coverage should be deleted effective on the renewal date in these cases. An insurer may rely on a rejection form signed by the insured for subsequent policy renewals. If an insured, currently without PIP coverage, does not respond to an initial notice regarding options, the insurer must send a follow-up policyholder notice prior to the next policy renewal advising of their options under the law. Further, once an insured has rejected PIP coverage in writing, PIP cannot be added to the policy without a written request from the insured.

Insurers should also review existing PIP forms to ensure that no exceptions or limitations are included that are not explicitly authorized by statute.

Thank you for your cooperation.

Insurance Commissioner